

**DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**

**COMMAND AUDIT OF  
UKIAH AREA**



**FINAL REPORT**

**AUGUST 7, 2009**

**M e m o r a n d u m**

Date: August 7, 2009

To: Office of the Commissioner

Attention: Commissioner J. A. Farrow

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**  
Office of the Assistant Commissioner, Inspector General

File No.: 005.9968.A13471.010

Subject: FINAL 2008 COMMAND AUDIT REPORT OF UKIAH AREA

In accordance with the Institute of Internal Auditors, *International Standards for the Professional Practice of Internal Auditing* §2440, issued by the Institute of Internal Auditors, Government Code §13887 (a)(2), and the California Highway Patrol (CHP) Audit Charter, I am issuing the 2008 Command Audit Report of Ukiah Area. The audit focused on the command's cash receipts, contracts, evidence, purchasing, reimbursable services contracts, and advanced payments for predetermined services.

The audit revealed the command has adequate operations. However, some weaknesses were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would ensure it is operating in compliance with policies and procedures. We have included our specific findings, recommendations, and other pertinent information in the report. The Ukiah Area agreed with one finding and plans to take corrective action to improve its operations. However, the command disagreed with the other finding, but has taken corrective action to ensure any future misunderstandings will not occur. The command will be required to provide quarterly updates to the Office of Inspections on the progress of their corrective action plan implementation until the command has resolved all deficiencies. Additionally, the Office of Inspections plans on conducting a follow-up review within one year from the date of the final report.

Additionally, in accordance with the *International Standards for the Professional Practice of Internal Auditing* and Government Code §13887 (a)(2), this report, the response, and any follow-up documentation is intended for the Office of the Commissioner; Office of the Assistant Commissioner, Field; Office of the Assistant Commissioner, Inspector General; Office of Legal Affairs; Office of Inspections; Northern Division; and the Ukiah Area. Please note this report restriction is not meant to limit distribution of the report, which is a matter of public record pursuant to Government Code §6250 et seq. Furthermore, in accordance with the Governor's Executive Order S-08-09 to increase government transparency, the final audit report, including the response to the draft audit report, will be posted on the CHP's internet website, and on the Office of the Governor's webpage, located on the State's Government website.

***Safety, Service, and Security***

Office of the Commissioner  
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The Office of Inspections would like to thank Ukiah Area's management and staff for their cooperation during the audit. If you need further information, please contact Assistant Chief Ken Hill at (916) 843-3005.

  
M. C. A. SANTIAGO  
Assistant Commissioner

cc: Office of the Assistant Commissioner, Field  
Office of Legal Affairs  
Office of Inspections  
Northern Division  
Ukiah Area

*BUSINESS, TRANSPORTATION AND HOUSING AGENCY*

*DEPARTMENT OF CALIFORNIA HIGHWAY PATROL*

*COMMAND AUDIT OF UKIAH AREA*

*OFFICE OF INSPECTIONS, AUDITS UNIT*

*AUGUST 7, 2009*

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# EXECUTIVE SUMMARY

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The Commissioner has the responsibility, by statute, to enforce laws regulating the operation of vehicles and use of highways in the State of California and to provide the highest level of safety, service, and security to the people of California. Consistent with the California Highway Patrol's (CHP) 2008 Audit Plan, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of a command selected by each Division. Northern Division selected the Ukiah Area.

The CHP's 2008-2009 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to increase the efficiency and/or effectiveness of departmental operations.

The audit scope period covered the twelve months prior to the start of the audit field work. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the period of January 1, 2008 through June 30, 2008.

Based on the review of the Ukiah Area's operations, this audit revealed it has complied with most operational policies. However, some weaknesses were observed. The following is a summary of the identified weaknesses:

## **Contracts**

- The command obtained services prior to the approval of the X-number contracts.

## **Personnel Records**

- Some of the command's field personnel files did not contain an updated employee photo or current evaluation in accordance with departmental policy.

Please refer to the Findings and Recommendations section for detailed information.

# AUDIT REPORT

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## **INTRODUCTION**

To ensure the California Highway Patrol's (CHP) operation is efficient and/or effective and internal controls are in place and operational, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of a command selected by each Division. Northern Division selected the Ukiah Area.

The CHP's 2008-2009 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to increase the efficiency and/or effectiveness of departmental operations. This audit will assist the CHP in meeting its goal.

## **OBJECTIVE AND SCOPE**

The objective of the evaluation is to determine if the command has complied with operational policies and procedures that provide managers with reasonable, but not absolute, assurance departmental operations are being properly executed. The audit period was twelve months prior to the start of the audit field work. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the period of January 1, 2008 through June 30, 2008. This audit included the review of existing policies and procedures, as well as, examining and testing recorded transactions, to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from December 1 - 4, 2008.

## **METHODOLOGY**

Each Division commander selected one command to be audited regarding their cash receipts, contracts, evidence, purchasing, reimbursable service contracts, and advanced payments for predetermined services. Additionally, the Division commander could select any of the following topics: asset forfeiture, fleet operations, personnel records, and strategic plan reporting. The Northern Division commander selected fleet operations and personnel records. When preparing for the audit, and due to limited auditing resources, reimbursable service contracts was reduced to an examination of the Driving Under the Influence (DUI) Cost Recovery Program and advanced payments for predetermined services was reduced to Wide Load Services. Also, the audit of evidence was limited to guns, drugs, and money. Sample selection of areas to be audited was primarily random or judgmental. Whenever possible, the use of risk assessment was used to select a sample containing the highest probability of risk to the command. Furthermore, the auditors reviewed prior audit reports and findings.

## **OVERVIEW**

**Cash Receipts:** Cash receipts appear to be processed according to departmental policy.

**Contracts:** Contracts appear to be processed according to departmental policy, but could be improved. The command obtained services prior to the approval of the X-number contracts.

**Evidence:** Evidence appears to be processed according to departmental policy.

**Purchasing:** Purchase documents appear to be processed according to departmental policy.

**Reimbursable Service Contracts:** The command does not handle or maintain reimbursable service contracts.

**Advance Payments for Predetermine Services:** The command does not handle or maintain advance payments for predetermined services.

**Fleet Operations:** Fleet operations appear to be processed according to departmental policy.

**Personnel Records:** Personnel records appear to be processed according to departmental policy, but could be improved. Some of the command's field personnel files did not contain an updated employee photo or current evaluation in accordance with departmental policy.

This audit revealed the command has adequate operations, nevertheless, weaknesses were discovered, which if left unchecked could have a future negative impact on the command and Department operations. These weaknesses should be addressed by management to maintain the command's compliance with appropriate laws, regulations, policies, and procedures. The findings and appropriate recommendations are presented in this report.

As a result of changing conditions and the degree of compliance with policies and procedures, the efficiency and effectiveness of operations change over time. Specific limitations may hinder the efficiency and effectiveness of an otherwise adequate operation include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, fraud, and management overrides. Establishing compliant and safe operations and sound internal controls would prevent or reduce these limitations; moreover, an audit may not always detect these limitations.



# FINDINGS AND RECOMMENDATIONS

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## CONTRACTS

**FINDING 1:**           **The command obtained services prior to the approval of the X-number contracts.**

**Condition:**           During the audit period, the command authorized twelve X-number contracts. An examination of ten X-number contracts was conducted. It was determined that nine X-number contracts were authorized after services were provided. Further examination of the X-number contracts revealed, they were not deemed emergency contracts.

The nine X-number contracts are X-150-0160, X-150-0139, X-150-0161, C-07-078-167, X-150-171, X-150-0187, X-150-0202, X-150-0204, and X-150-0217.

**Criteria:**           State Contracting Manual (SCM) Section 2.03 states, “When the services are needed is a critical factor. Sufficient time must be allowed for internal agency process as well as required external review(s).”

SCM Section 3.10 states, “Emergency is defined in Public Contracting Code (PCC), Section 1102, as ‘a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.’ ”

Highway Patrol Manual (HPM) 11.1, Administrative Procedures Manual, Chapter 23, Delegation of X Number Contract Authority, paragraph 2.a. PROHIBITIONS. states, “Obtaining an X Number after services are rendered.” and paragraph 2.b. PROHIBITIONS. states, “Purchasing commodities only.”

**Recommendation:**   The command should obtain non-emergency services in accordance with departmental policy.

## PERSONNEL RECORDS

**Finding 1:**           **Some of the command’s field personnel files did not contain an updated employee photo or current evaluation in accordance with departmental policy.**

**Condition:**           The command is responsible for approximately 47 employees. A total of ten field personnel files were audited. The examination of the randomly selected personnel files revealed, five field personnel files did not contain

a current employee photo as required by departmental policy. Also, four field personnel files did not contain a current employee performance appraisal.

**Criteria:**

HPM 10.3, Personnel Transactions Manual, Chapter 30, Personnel and Medical Files, paragraph 10.c.(2)(a)1 states, “Current photograph of employee: one affixed to the CHP 270, Service Record; one placed in a separate envelope within the folder. The photograph affixed to the CHP 270, Service Record, shall be replaced with an updated photograph every five years.”

HPM 10.3, Personnel Transactions Manual, Chapter 30, Personnel and Medical Files, paragraph 10.d.(2)(a) states, “CHP 270, Service Record, shall be maintained on a current basis for all personnel and shall be reviewed annually when the performance appraisal is conducted. The annual review of the information shall be noted in the space provided on the CHP 270, Service Record.”

HPM 10.10, Performance Appraisal Manual, Chapter 3, Performance Appraisal Process for Officers, paragraph 4.a.(b).1 and 2 states:

“1. Completion and Submission of Annual Performance Appraisal Reports. An annual performance appraisal shall be completed and submitted according to policy and the Bargaining Unit 5 contracts.

2. Command Responsibility. Each command is responsible for ensuring that CHP 118s, Performance Appraisal – Officer, are completed in a timely manner (i.e., within 30 days following the anniversary date of appointment in the current job classification). Commands are also responsible for maintaining a roster of employees by anniversary date to ensure that evaluations are completed on time.”

HPM 10.10, Performance Appraisal Manual, Chapter 15, Performance Appraisal Process for Nonuniformed Employees, paragraph 2.a.; 2.a.(1); 2.a.(2); and 2.b. states:

“a. Completion and Submission of Annual Reports. An annual performance appraisal shall be submitted according to the following schedule:

(1) Represented Employees. Refer to appropriate labor agreements. For those employees who do not have specific performance evaluation provisions in their labor agreements, performance appraisals shall be completed and submitted to Business Services Section, Personnel Files, within 30 days following the employee’s anniversary date of appointment in the current job classification.

(2) Nonmanagerial Excluded Employees. Performance appraisals for excluded employees shall be completed and submitted to Business Services Section, Personnel Files, within 30 days following the employee's anniversary date of appointment in the current job classification. Annual appraisals will be completed regardless of probationary reports that may have been completed during the preceding rating period.

b. Command Responsibility. Each command is responsible for maintaining a roster of employees by anniversary date and ensuring that reports are completed on time.”

**Recommendations:** The command should ensure all their field personnel files are reviewed, updated, and maintained properly as required by departmental policy.

## CONCLUSION

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Based on the review of the command's operation, this audit revealed the command has adequate operations. However, some weaknesses were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would operate in accordance with departmental policies and procedures.

# **ANNEX**

## **A**

## Memorandum

Date: June 22, 2009

To: Office of Inspections

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**  
Northern Division

File No.: 101.11032.FIELD.16676.Memo09\_64.doc

Subject: UKIAH 2008 DRAFT COMMAND AUDIT REPORT RESPONSE

Northern Division recently received the attached memorandum from the Ukiah Area in response to the 2008 Draft Command Audit Report. Northern Division concurs with the findings and response from Ukiah Area commander, Captain Ray Madrigal. Assistant Chief Stephen Bell will ensure that the Ukiah Area resolves all deficiencies and reports quarterly on their progress. If you should have any questions, please contact me or Lieutenant Tim Saxon at (530) 225-2715.



C. D. JENKINS, Chief

Attachments

# **ANNEX**

## **B**

**M e m o r a n d u m**

Date: June 3, 2009

To: Northern Division

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**  
Ukiah Area

File No.: 150.A13901

Subject: UKIAH AREA RESPONSE TO 2008 DRAFT AUDIT REPORT

This memorandum will serve as Ukiah Area's response to the findings of the 2008 Draft Command Audit Report recently completed by the Office of Inspections. The following is a list of the findings and Area's response to each:

Personnel Records

Finding 1: The command did not adequately review and properly maintain their field personnel files.

Condition: A review of 10 of the commands 47 employee personnel record files disclosed the following;

A current photograph of five employees was not present in their personnel files.

A current employee performance appraisal was not present in four of the personnel files.

Area Response: Agree

The discrepancies noted in the audit report are accurate. Area needs to develop a more efficient system and adhere to it so that personnel evaluations can be completed in a timely manner and the personnel files can be maintained appropriately. To that end, area staff members have been made aware of the findings of this report. A list of personnel evaluations and the supervisor responsible for completion already exists and is distributed annually, but there has not been sufficient management control and follow up. Therefore, the OSSSI has developed a suspense system in which she will e-mail the responsible supervisor with a copy to the area commander when a personnel evaluation is due. The email will also indicate the date by which the evaluation must be completed and submitted for review. When the evaluation is reviewed the area commander will note on the list that it has been completed and notify the OSSSI via email. In addition, the evaluating supervisor shall review and submit, along with the evaluation, a

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CHP 137C (Annual Field Personnel Annual Review) form as a checklist of required items to be completed during the review process including updating photographs every five years.

Contracts

Finding 1: The command obtained services or commodities prior to approval of the X-number contract.

Condition: Nine of ten command X-number contracts reviewed disclosed that services for non-emergencies were started or commodities obtained prior to approval, execution, or issuance of the contract.

Area Response: Disagree

The documentation, CHP 78X (X Number Service Order), reviewed by the auditors is misleading. The personnel who were assigned to request approval and obtain X-numbers for service through Northern Division had in many cases mistakenly put the date that service was provided as the date on the CHP 78X. The date listed on the 78X form should actually indicate the date the X-number was obtained which is also the approval date.

Attached for review is an email dated June 2, 2009, sent by Northern Division OSSII Jenkins to Ukiah Area OSSII Schroeder listing all X-numbers obtained by Ukiah Area from January 1, 2008, to June 30, 2008. The list has hand written notes made by OSSII Jenkins along the left column under a notation "Issued." The dates listed by OSSII Jenkins in this column are the dates her records indicate she approved the request for services and issued the corresponding X-number.

Except for X-number 150-0160, for which a memorandum dated January, 31, 2008, was prepared to explain the discrepancy in obtaining services, and is included with this response, all services were completed on or after the date approval for services was obtained. Copies of each 78X form listed along with the corresponding invoices for each X-number are attached to substantiate the dates of service.

All Ukiah Area personnel responsible for obtaining approval for services and requesting X Numbers have been made aware of the findings of this audit. They have been instructed that the correct way to prepare the 78X form is to indicate on it the date the X-number was approved and issued not when services were rendered.



R. C. MADRIGAL, Captain  
Commander

Attachments

Date on 78X (date of preparation)	X number and Date of issue	Date of service
02-14-08	150-139 01-15-08	01-25-08
02-13-08	150-160 02-13-08	09-07-07
03-03-08	150-161 02-13-08	02-29-08
03-26-08	150-171 02-22-08	03-21-08
03-13-08	150-187 03-12-08	03-13-08
04-01-08	150-196 03-28-08	04-01-08
04-09-08	150-202 04-09-08	04-25-08
04-09-08	150-204 04-09-08	04-25-08
05-01-08	150-217 04-30-08	05-05-08
06-17-08	150-237 05-29-08	06-17-08
06-25-08	150-238 06-02-08	06-24-08
07-01-08	150-239 06-02-08	07-01-08
06-24-08	150-248 06-09-08	06-12-08
06-10-08	150-252 06-10-08	06-11-08
07-14-08	150-265 06-30-08	06-30-08
10-17-08	150-21 10-09-08	10-15-08
11-25-08	150-45 11-17-08	11-20-08
01-14-09	150-57 01-14-09	02-02-09
01-14-09	150-58 01-14-09	02-10-09
02-24-09	150-67 01-14-09	02-25-09
04-16-09	150-82 04-16-09	04-21-09

# **ANNEX**

## **C**

# COMMENTS

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To provide clarity and perspective, the number in the margin below correspond to the number placed in the Ukiah Area's response.

In the command's response, it cites mistakes were made during the preparation of the X-Number Service Order, CHP 78X. The command expresses many mitigating factors. However, the control document or stand alone document is the CHP 78X. This form controls and documents the Department's action to acquire service. Thus, the CHP 78X form documents what and when service was required and when it was authorized. The supporting documentation and information provided in the command's response explains the reason for the discrepancy but does not change the information on the actual forms. Therefore, the finding stands.

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The command's response also refers to emails and handwritten "documents" attached to it. However, only a self-generated time line spreadsheet was attached to the command's response. The entire command response as received from Northern Division is contained in Annex B.

The command is commended for researching and providing an explanation regarding the finding and for discussing the finding and training personnel responsible for X-Number Contracts form preparation.